

Message Text

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ACTION AF-04

INFO OCT-01 ISO-00 EB-03 DRC-01 RSC-01 SSO-00 /010 W

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FM AMEMBASSY TRIPOLI

TO SECSTATE WASHDC IMMEDIATE 0572

C O N F I D E N T I A L TRIPOLI 1230

LIMDIS

E.O. 11652: GDS

TAGS: EIND LY

SUBJECT: MESSAGE FROM AMOSEAS

1. AMOSEAS GENERAL MANAGER GLOSS REQUESTS DEPARTMENT
PASS FOLLOWING MESSAGE TO S.W. TOTTEN OF AMOSEAS
NEW YORK 212-697-2000. GLOSS SPECIFICALLY REQUESTS
THAT CONTENTS THIS MESSAGE BE CLOSELY HELD.

2. BEGIN TEXT: TOTTEN PRIVATELY, NEW YORK
"IN MY CABLE 288 OF SEPT 22 I MERELY REPORTED WHAT
TRANSPIRED DURING MY MEETING AND THE MEETING OF
OTHERS AND DID NOT ATTEMPT TO MAKE ANY RECOMMENDATION.
I AM NOT PARTICULARLY ENCOURAGED BY THE GOVERNMENT'S
PROPOSITION. HOWEVER, THIS REACTION IS WITHOUT BENEFIT
OF AN UP-TO-DATE KNOWLEDGE OF THE SITUATION IN THE GULF.

"AS I SEE THE PROS AND CONS OF THE GOVERNMENT
PROPOSAL, THEY MIGHT BE LISTED AS FOLLOWS:

IN FAVOR OF THE PROPOSAL:

A. FOR EVERY MONTH WE CONTINUE UNDER THIS TRUCE
ARRANGEMENT A SUBSTANTIAL POSITIVE CASH FLOW WILL ACCRUE.

B. THE TRUCE PERIOD WOULD PROVIDE TIME DURING WHICH THE
SITUATION IN THE GULF MIGHT CLARIFY.

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C. ANY CONTINUED NEGOTIATIONS WOULD TEND TO INDICATE

DILIGENCCE ON THE PART OF THE COMPANIES, AND THIS ASPECT MIGHT BE ADVANTAGEOUS FROM A RELATIONSHIP POINT OF VIEW WITH CONSUMER COUNTRIES.

AGAINST THE PROPOSAL:

1. TO RESUME NEGOTIATIONS WITH PRECONDITIONS MIGHT HAVE AN ADVERSE EFFECT ON NEGOTIATIONS IN THE GULF.

2. TO ACCEPT THE SPECIFIC PRECONDITION THAT ANY NEW AGREEMENT QOLJS ET#BE LESS FAVORABLE TO THE GOVERNMENT

THAN THE OASIS ARRANGEMENTS WOULD BE TO CONCEDE A BASIC POINT.

3. IN VIEW OF THE LIFTINGS THAT HAVE ALREADY TAKEN PLACE, AND THE DOCUMENTATION NOW ON HAND, TO ENTER INTO A TRUCE MIGHT WEAKEN OUR LEGAL POSITION.

4. TO ALLOW ANY NOC LIFTINGS TO GO UNCHALLENGED WOULD ENCOURAGE NOC PROSPECTIVE CUSTOMERS.

5. THERE IS NO GUARANTEE OF AMOUNTS OF CRUDE COMPANIES COULD LIFT IN EXCESS OF THE 49 PER CENT.

6. LITTLE CONTROL OF OPERATIONS REMAINS WITH THE ALMOST IMPOSSIBLE MANAGEMENT SITUATION THAT EXISTS, THAT IS, LOCAL BOARD OF DIRECTORS, REGULATION 9, ETC.

"WE PROBABLY COULD LIVE WITH OBJECTIONS 4 THROUGH 6 TO EARN THE CASH FLOW THAT WOULD COME AVAILABLE DURING THE PERIOD WE HAVE A TRUCE. HOWEVER, WHETHER OR NOT THE CASH FLOW WOULD BE WORTH RISKING OBJECTIONS 1, 2 AND 3 I CANNOT EVALUATE. IT CERTAINLY APPEARS AT THIS TIME THAT THE LIBYAN GOVERNMENT, FOR ITS OWN REASONS, WISHES US TO STAY. THIS PROVIDES US WITH A LITTLE LEVERAGE AND SEEMS TO INDICATE THAT A FIRM POSITION SHOULD BE TAKEN. I THINK IT IS QUITE POSSIBLE THAT THE GOVERNMENT IS FAIRLY CONVINCED THAT THE COMPANIES WILL NOT
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REACH A SETTLEMENT AND ARE ONLY LOOKING FOR THIS TRUCE PERIOD FIRSTLY TO LINE UP CUSTOMERS AND, SECONDLY, TO MAKE ARRANGEMENTS FOR PEOPLE TO STAFF THE COMPANIES ONCE THEY TAKE OVER COMPLETELY. GLOSS PETREL". END TEXT.
JOSIF

NOTE BY OC/T: PARA 2 SUBPARA 2 #GARBLED TEXT AS RECEIVED, WILL BE

SERVICED UPON REQUEST

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